



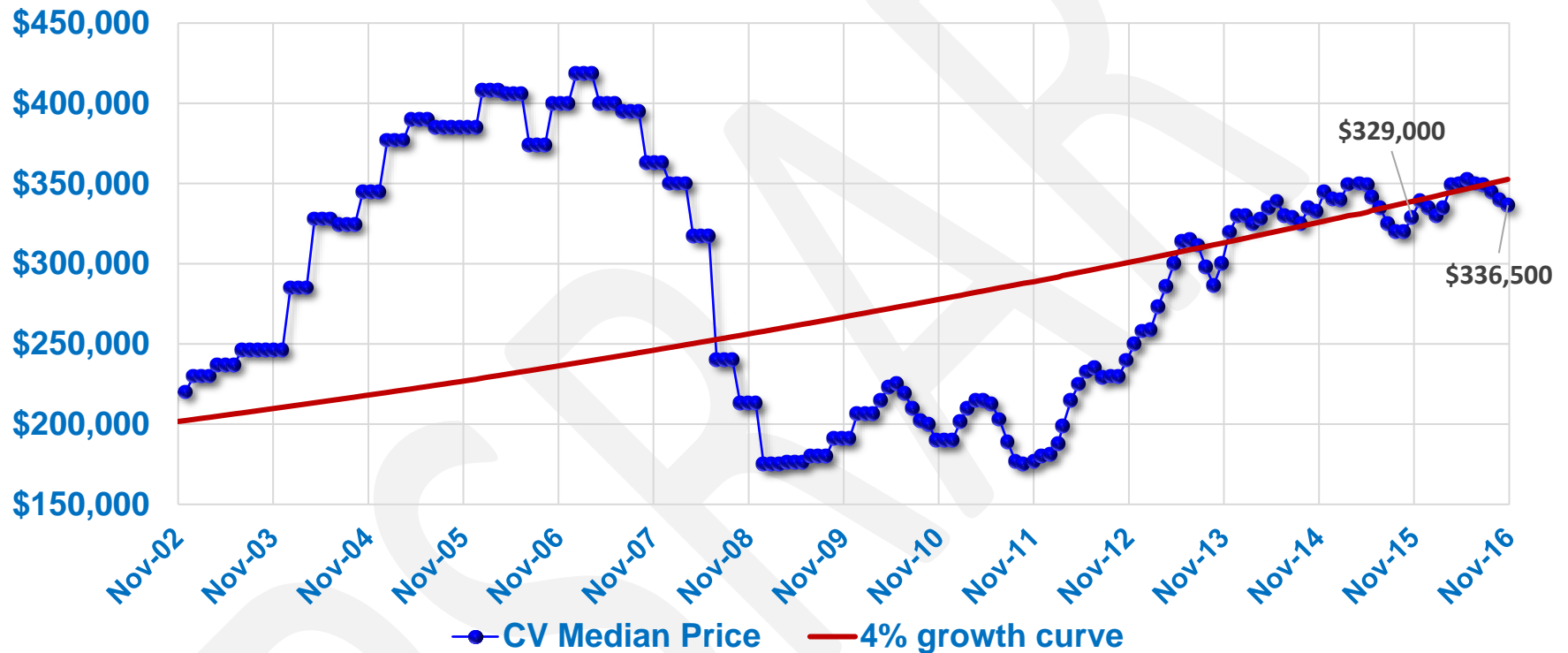
The Market Watch Monthly Housing Report

November 2016

Prepared for the Members of PSRAR as a Member benefit

Coachella Valley Median Home Price (detached homes) Nov 2002 - Nov 2016

Median Price



Summary

In November the median price throughout the Valley was \$336,500. This compares to a value of \$329,000 a year ago and represents a year over year gain of 2.3%. At the end of November the 12 month, year over year change in city median prices shows five cities with positive gains and four with negative returns. As we've mentioned over the last four months, the one, very important indicator of a strengthening housing market is when sales begin to expand as prices move higher and for the first time in three years we are beginning to see this happen. The second encouraging indicator of a strengthening housing market is the fact that inventory numbers compared to last year continue to be lower. The combined effect of growing Valley sales and lower inventory numbers is to magnify the improvement in the ratio of "Months of Sales." On this December 1st the ratio was 6.6 months, which is quite an improvement to last year's ratio of 7.4 months. This improvement is supported by a corresponding improvement in DOM.



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12 month change in city median prices (detached homes)

	Nov-16	Year Ago	12 Month Change	2011 Low	Gain off 2011 Low	2006 High	% from High
City of Coachella	\$250,000	\$222,750	12.2%	\$121,950	105.0%	\$335,000	-25.4%
Desert Hot Springs	\$185,000	\$168,630	9.7%	\$85,000	117.6%	\$295,000	-37.3%
La Quinta	\$425,000	\$399,000	6.5%	\$245,000	73.5%	\$682,020	-37.7%
Indio	\$295,000	\$281,000	5.0%	\$158,500	86.1%	\$380,500	-22.5%
Palm Springs	\$549,500	\$540,000	1.8%	\$335,000	64.0%	\$600,000	-8.4%
Cathedral City	\$281,000	\$285,000	-1.4%	\$139,000	102.2%	\$395,000	-28.9%
Palm Desert	\$347,500	\$355,000	-2.1%	\$287,000	21.1%	\$543,000	-36.0%
Indian Wells	\$780,000	\$800,000	-2.5%	\$540,000	44.4%	\$1,205,000	-35.3%
Rancho Mirage	\$540,000	\$623,750	-13.4%	\$423,000	27.7%	\$950,000	-43.2%

Changes in City Median Prices

At the end of November the 12 month, year over year change in city median prices shows five cities with positive gains and four with negative returns. The two cities with the highest returns are Desert Hot Springs and the City of Coachella, which are still playing catch up to the other cities that were first to recover from the foreclose and financial crisis. The next three cities are La Quinta with a 6.5% gain, Indio at 5% and Palm Springs with 1.8%. Most cities show considerable gains off their 2011 lows with three cities having returns over 100%. Palm Desert, at 21%, continues to be a city with one of the lowest gains off its 2011 low price, followed by Rancho Mirage at 27%.



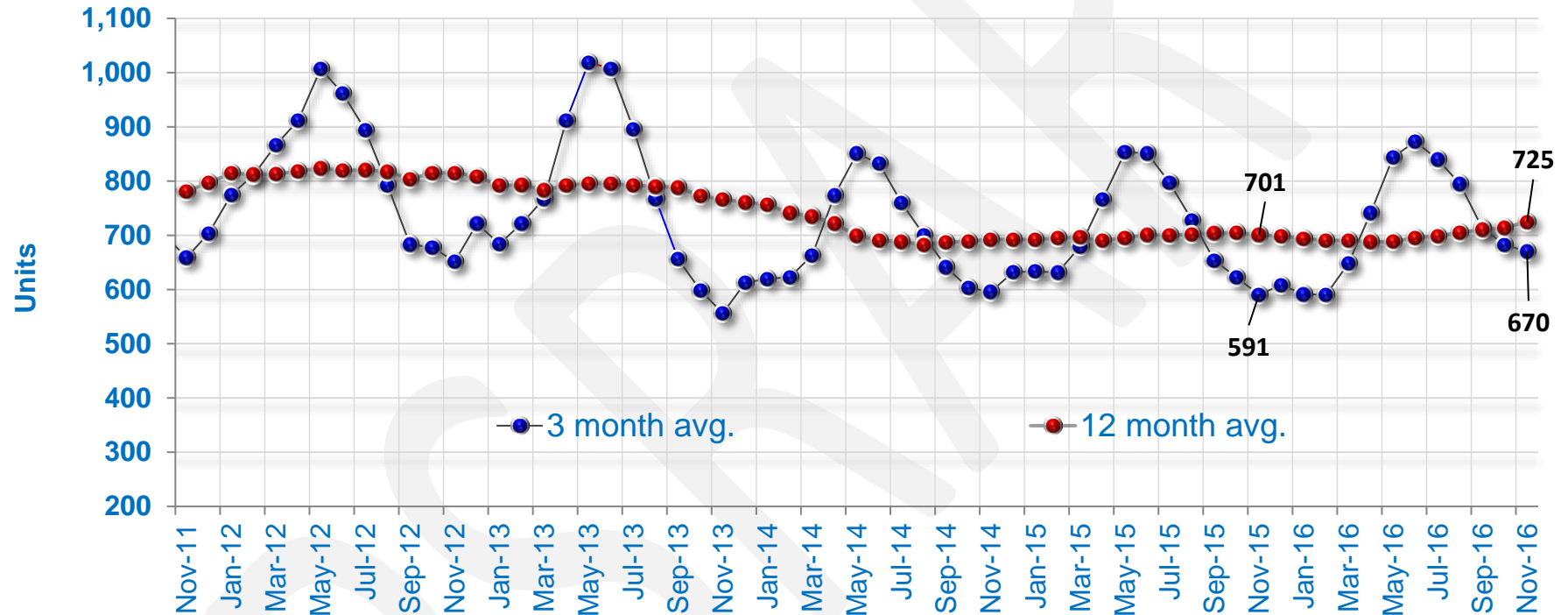
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Coachella Valley Home Sales

Nov 2011 to Nov 2016



Monthly Sales

As we've mentioned over the last four months, the one, very important indicator of a strengthening housing market is when sales begin to expand as prices move higher and for the first time in three years we are beginning to see this happen. The first sign of this occurred six months ago when the three month average of sales began to exceed the previous year's numbers. This pattern continued in November with three month average sales of 670 units compared to 591 last November. This is an increase of 14%. The twelve month average, which takes out seasonality, is also showing greater numbers with 725 units per month compared to 701 last year.

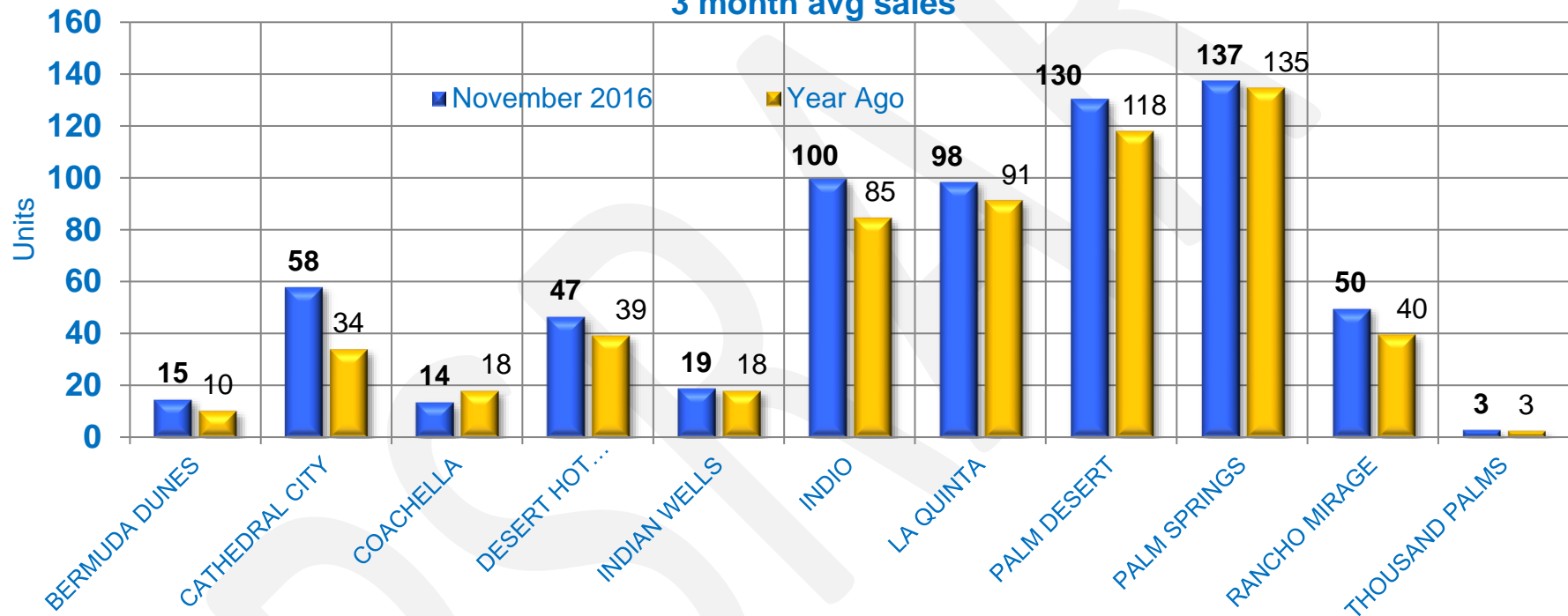


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Home Sales by City 3 month avg sales



Home Sales per month by City

This pattern of higher three month sales compared to a year ago is found in every Valley city that we measure except the city of Coachella. The largest percentage increase in sales are Cathedral city at 70%, Bermuda Dunes at 40%, Rancho Mirage at 25% and Desert Hot Springs at 19%. After leading the Valley in price and sales increases for the last two years, Palm Springs is showing signs of a slight leveling off with a year over year sales increase of 2%.



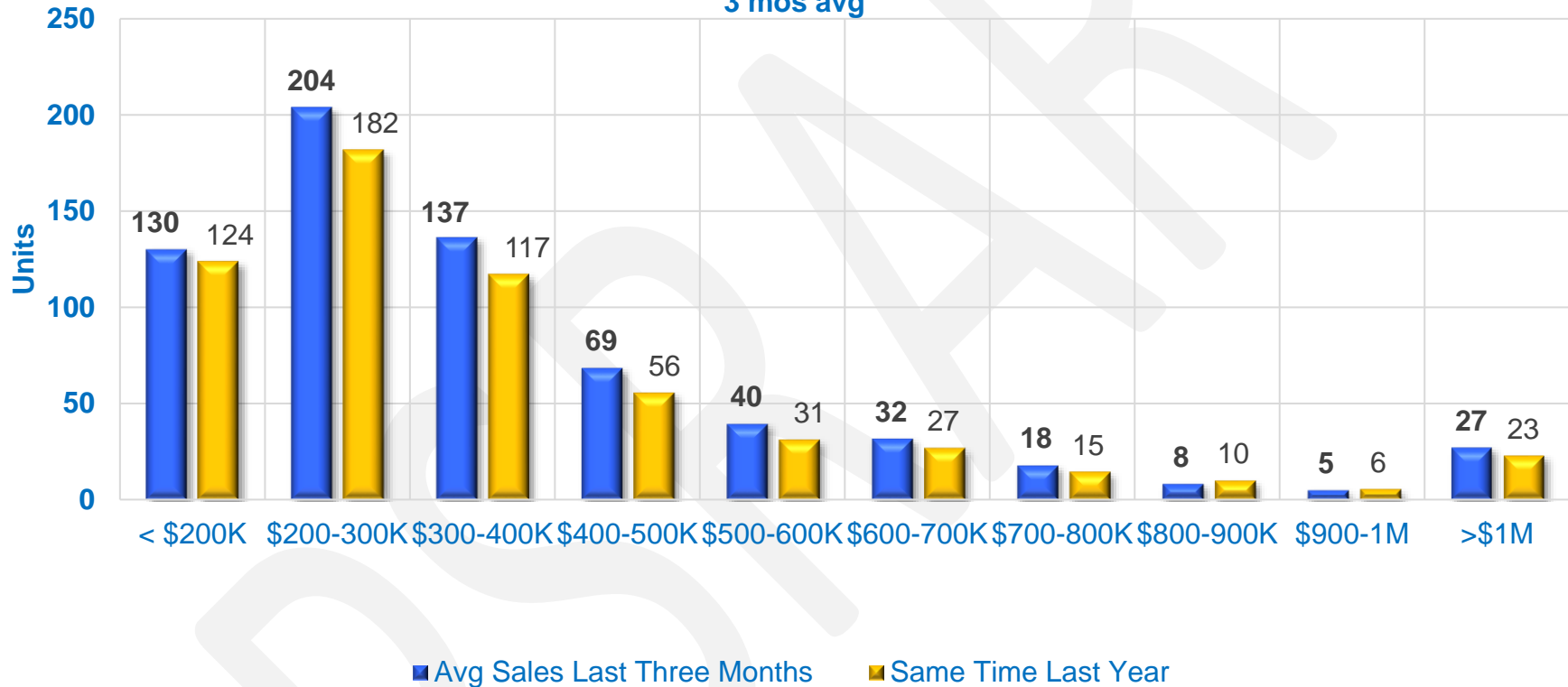
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Home Sales by Price Range

3 mos avg



Home Sales by Price Range

Likewise, this pattern of higher three month sales compared to a year ago is also found in almost all price brackets. Only sales of detached and condo units priced from \$800k to \$1m show signs of a slight sales decrease. It should be remembered that these are measures of total sales – both detached homes and condos. The higher sales numbers under \$300k are due primarily to a pickup in sales of condo units in the five major cities of Palm Springs, Palm Desert, Rancho Mirage, La Quinta and Indian Wells.



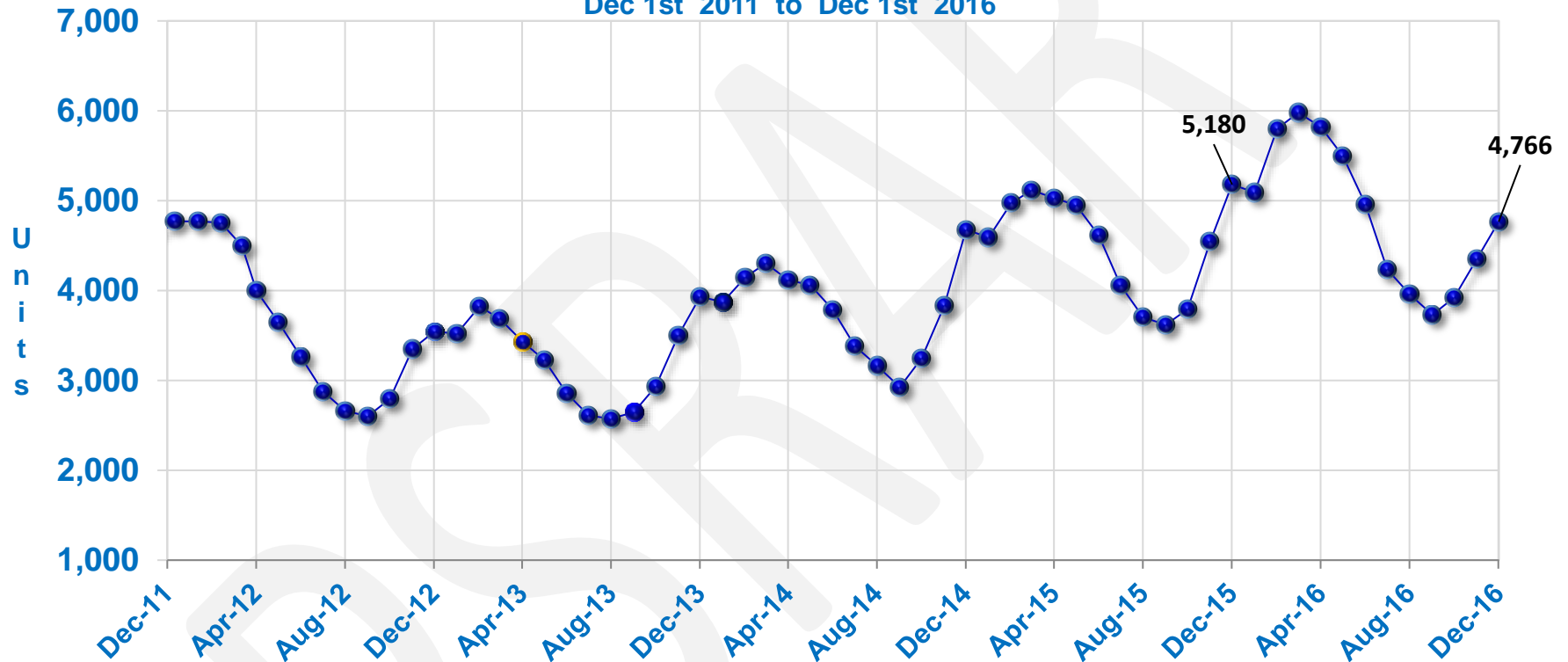
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Valley Housing Inventory

Dec 1st 2011 to Dec 1st 2016



Coachella Valley Listed Inventory.

The second encouraging indicator of a strengthening housing market is the fact that inventory numbers compared to last year continue to be lower. We think much of this is because higher sales numbers are eating into inventory at a faster rate than last year. On December 1st Valley inventory stood at 4,766 units compared to 5,180 on December 1st of last year.

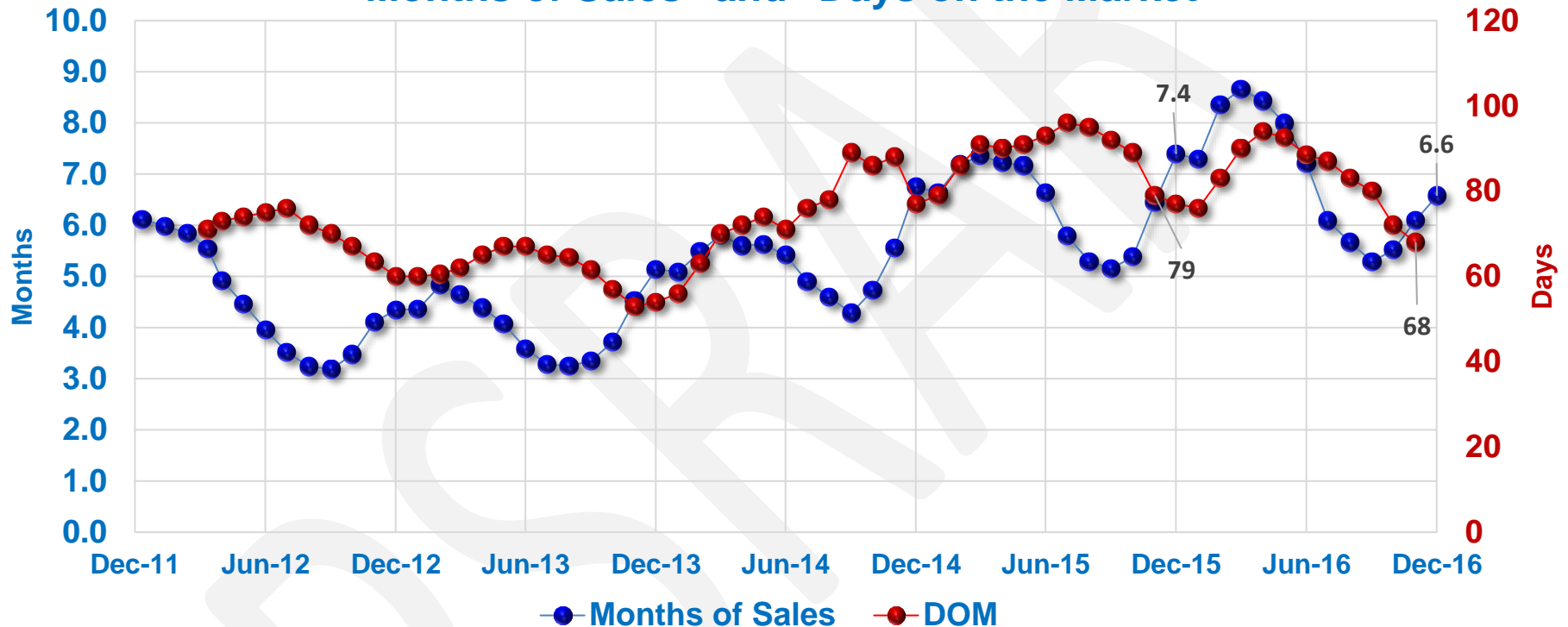


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"Months of Sales" and "Days on the Market"



"Months of Sales" and "Days on the Market"

The combined effect of growing Valley sales and lower inventory numbers is to magnify the improvement in the ratio of "Months of Sales." On this December 1st the ratio was 6.6 months, which is quite an improvement to last year's ratio of 7.4 months. This improvement is supported by a corresponding improvement in DOM. In November "Days on the Market" averaged 68 days, which was the lowest reading in over three years. It is also eleven days less than 79 days on December 1st of last year.

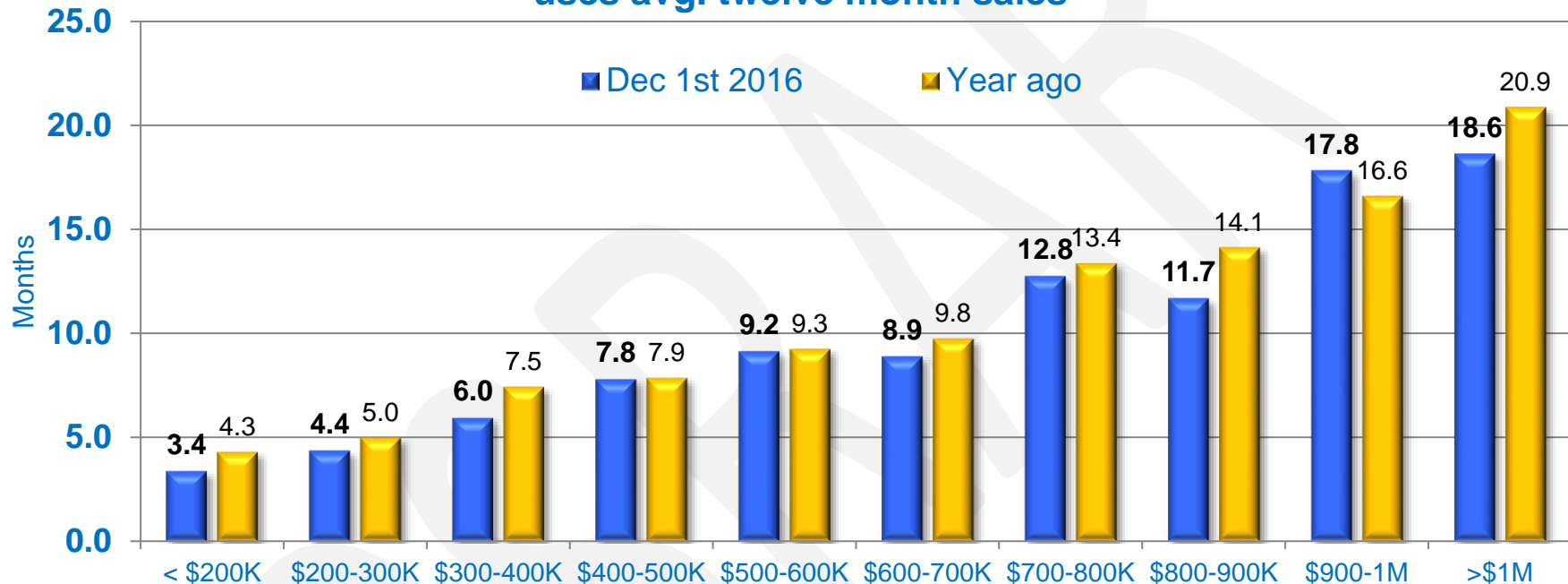


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"Months of Sales" by Price Range uses avg. twelve month sales



"Months of Sales" by Price Range

The improvement in "Days on the Market" shows up in all price brackets except from \$900k to \$1M. One of the largest improvements is for homes priced over \$1M. There the ratio went from 20.9 a year ago to the current reading of 18.6 months. While a year and a half may still seem a little high - and it is - the ratio is still close to historic norms for this time of year and we don't think cause for worry.

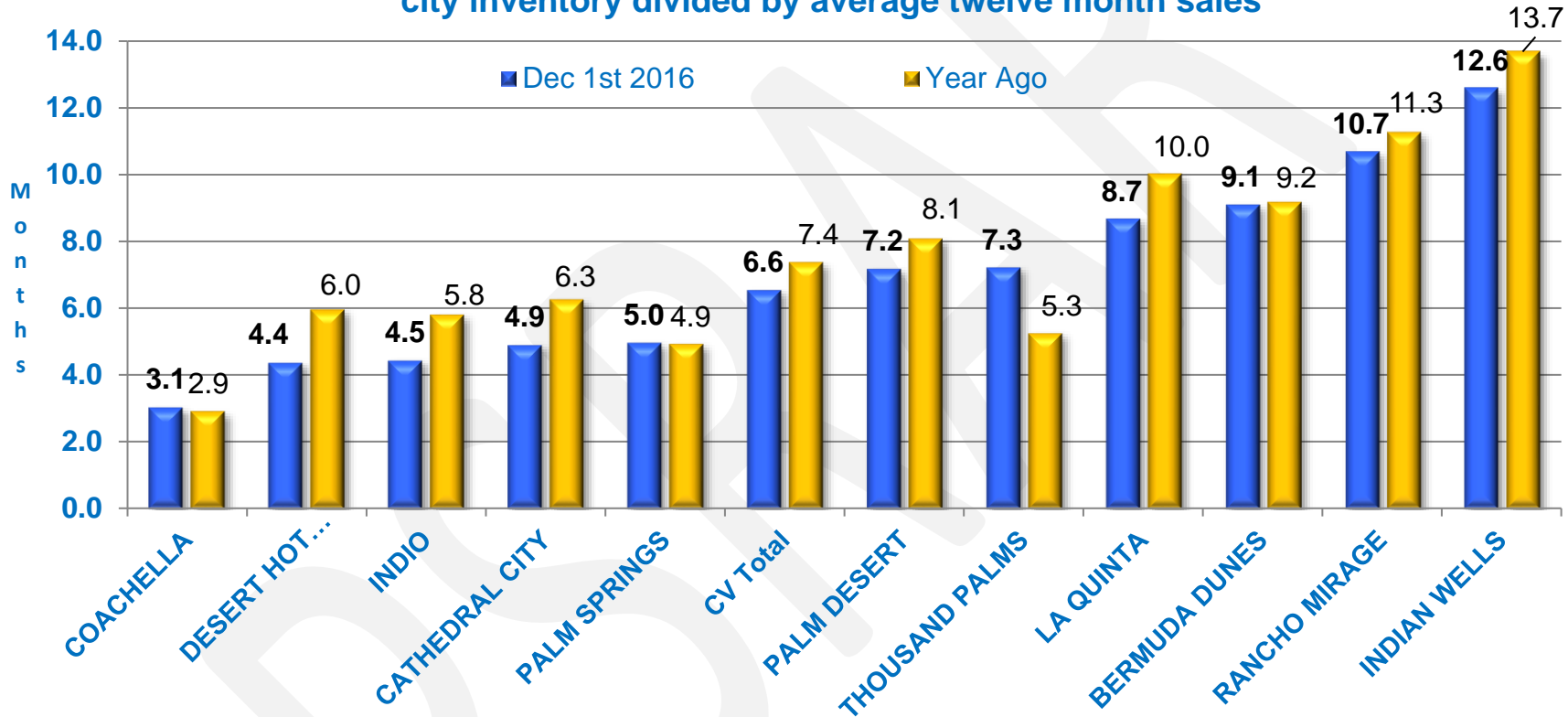


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"Months of Sales" by City city inventory divided by average twelve month sales



"Months of Sales" by City

Every Valley city except Thousand Palms shows improvement in its "Months of Sales" ratio relative to last year. The largest percent improvements are in Cathedral City, Indio and Desert Hot Springs. Palm Springs shows a comparable ratio – 5.0 months compared to 4.9 months a year ago – but both ratios are historically low for the city and one of the lowest for any city in the Valley.

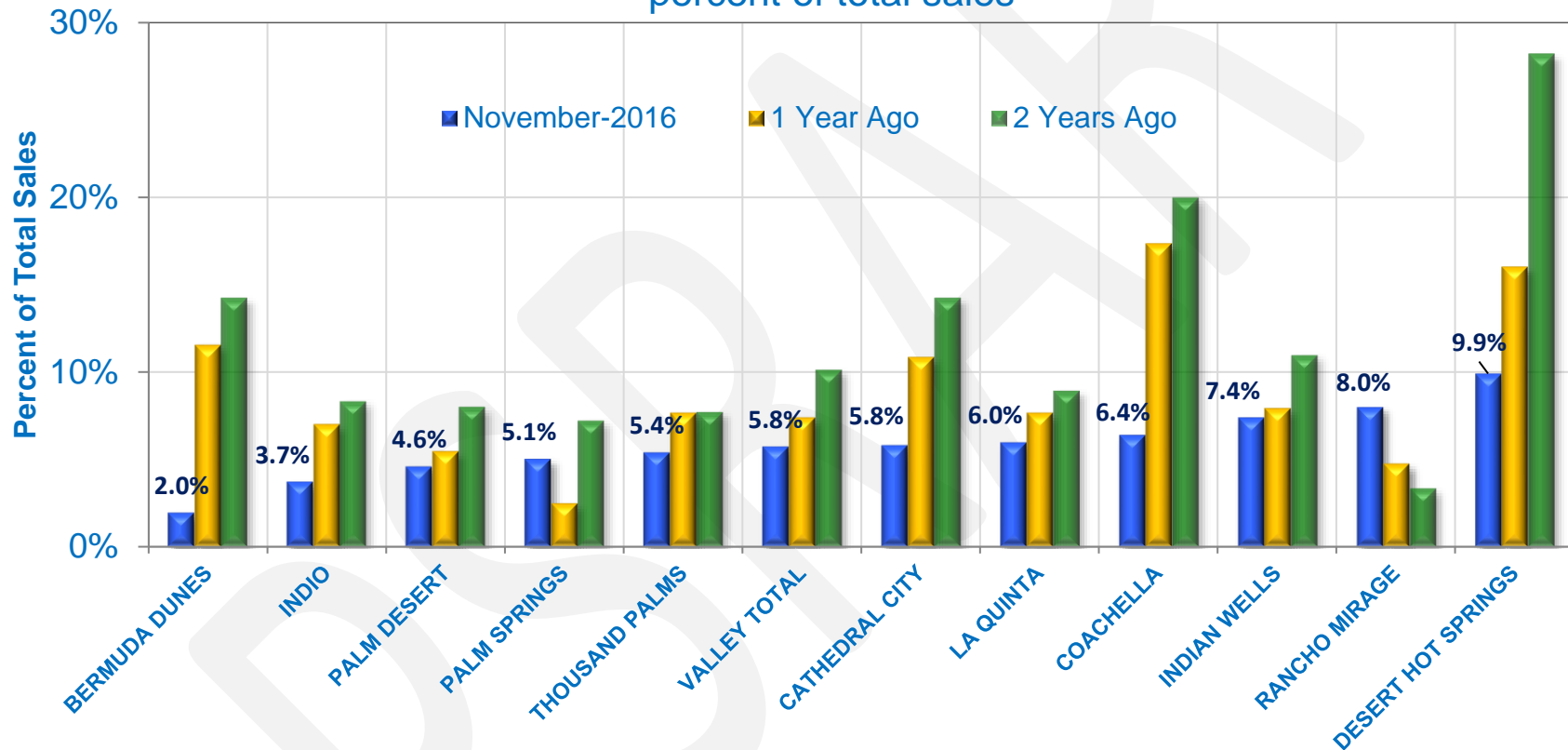


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Distressed Sales by City percent of total sales



Distressed Sales by City

The distressed sales ratio for the Valley stands at 5.8% which is a slight improvement over 7.7% a year ago and 10% two years ago. Even though it has been five years since the worst of the foreclosure crisis, the percent continues somewhat high because there are a number of homes still underwater in the Valley. The cities of Indio, Palm Springs and Palm Desert appear the best of the major cities with readings of 3.1% 5.1% and 5.5%.



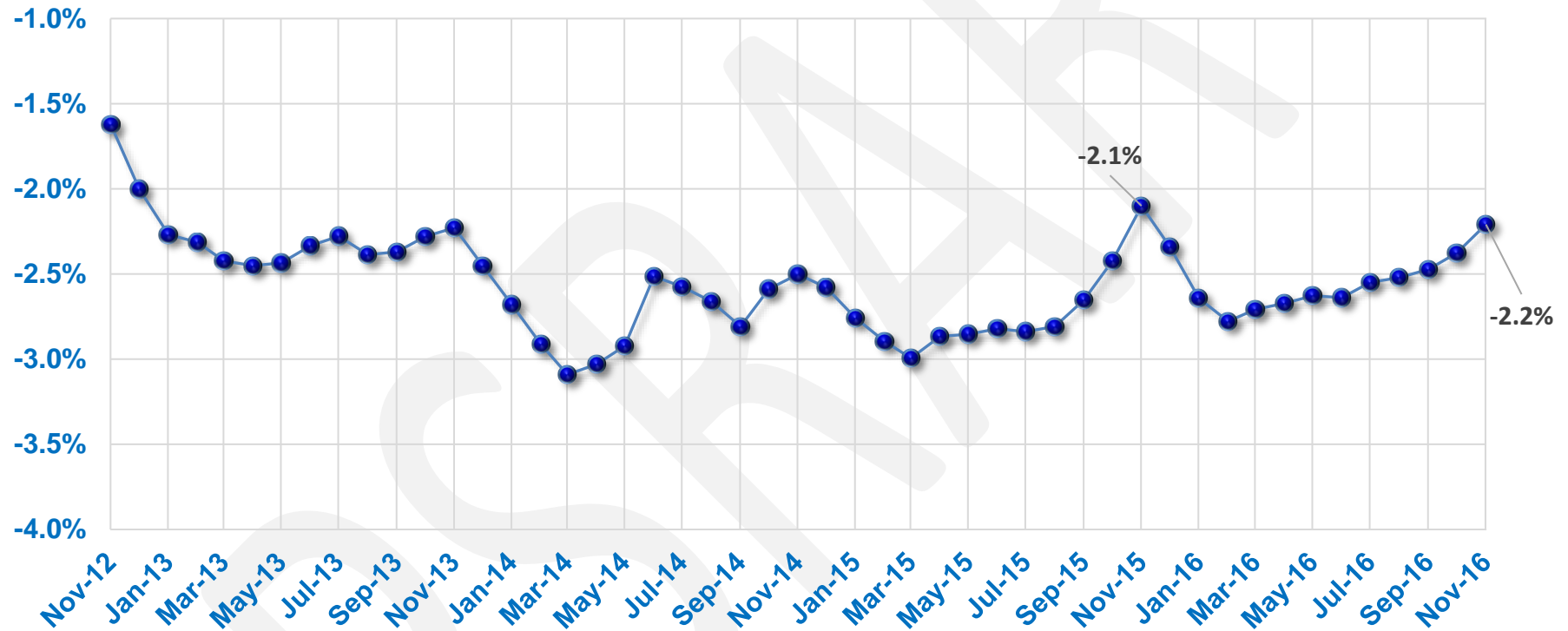
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Sale Price Discount from List

November 2016



Sale Price Discount from List

The latest “Sale Price Discount from List” is -2.2%, which is almost equal to last November reading of -2.1%. We expect the percent in the coming months will maintain a low reading compared to the large increases that occur from November to March a year ago. A reading of 2.2% implies that the selling discount to a home listed for \$300,000 home was approximately \$6,600.



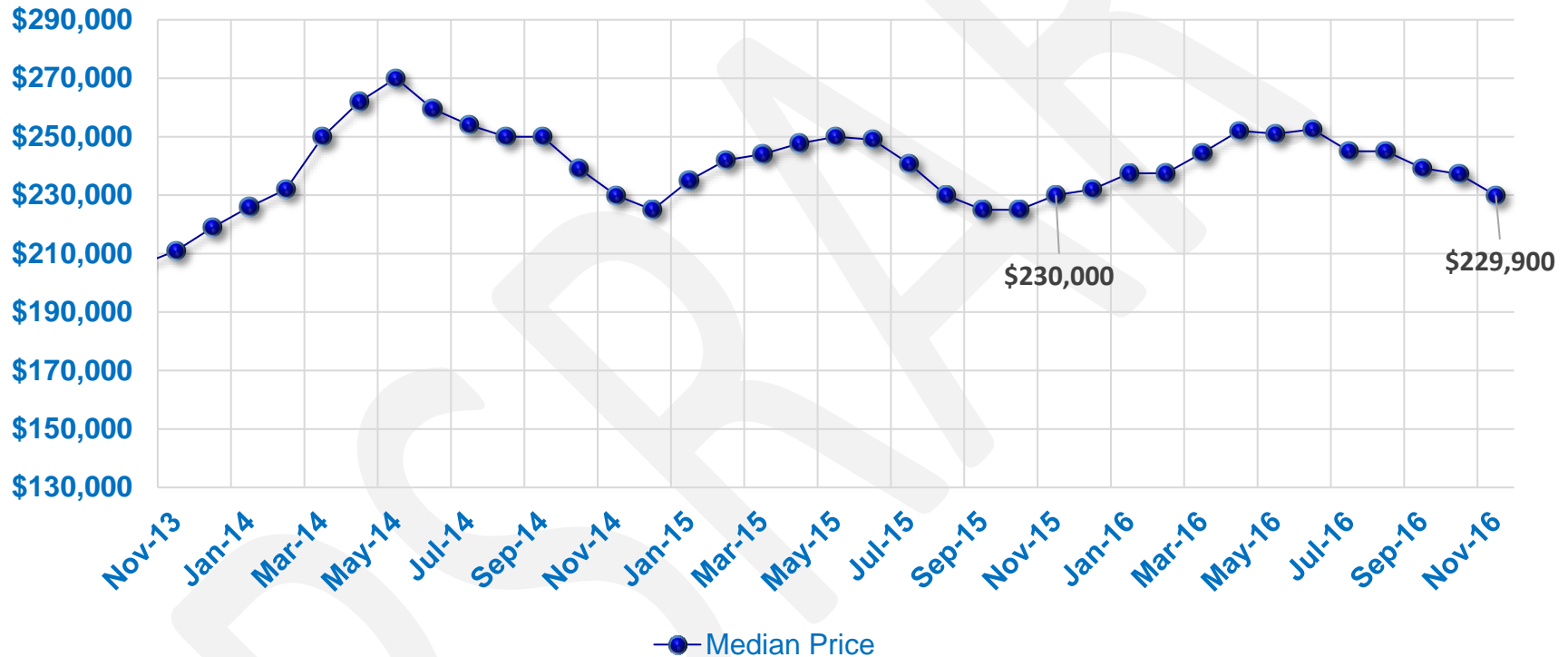
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Attached Units - median price

November 2016



Attached Units - Median Price.

Contrary to what many people think - and some news articles have implied - the price gains in the condo market have been much more subdued than many people were lead to believe. As the chart clearly shows, the median Valley price has been slowly declining for five months now and at \$229,900 is now almost exactly equal to the price one year ago. Seasonal trends seem to point to the median price slowly beginning to rise from this point as we move forward into the New Year.



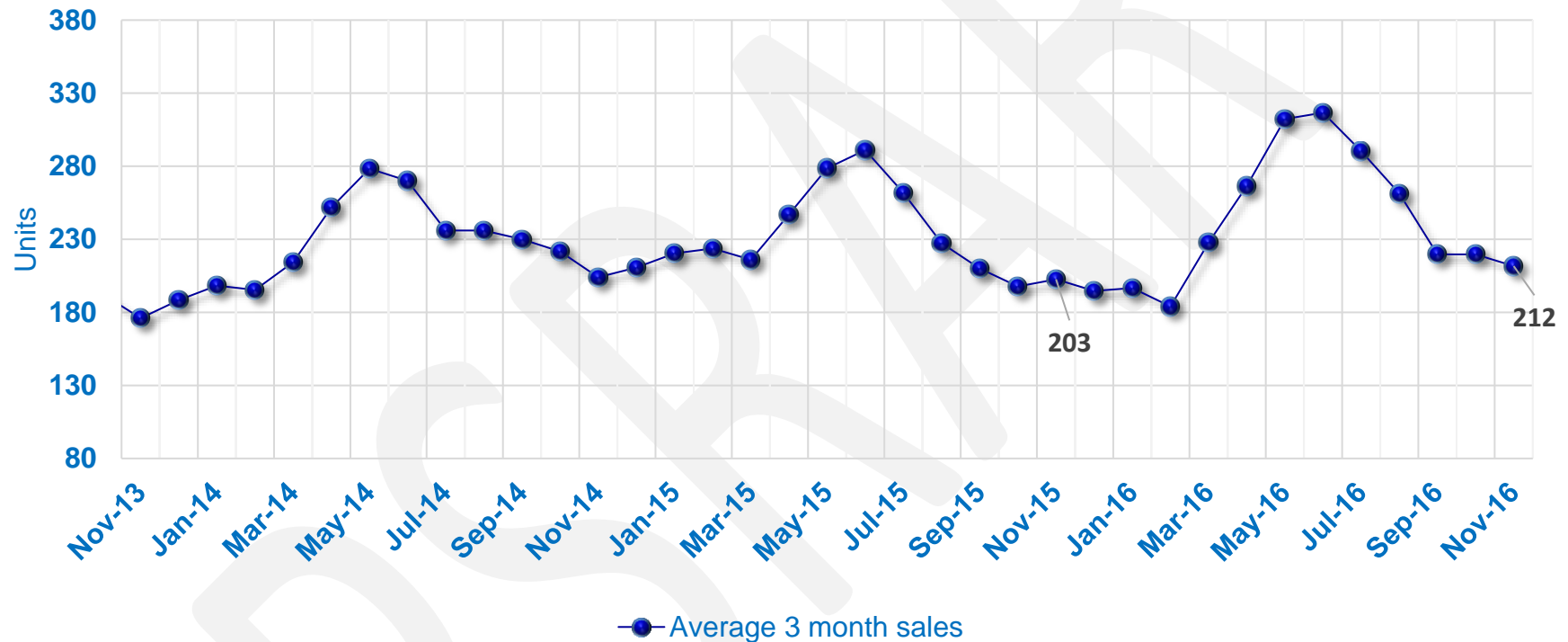
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Attached Sales

November 2016



Attached Units - Sales

Attached sales in November averaged 212 units over the last three months. This compares to 203 units last November. Now if seasonal history is a guide, sales should probably stay around 200 units a month for the next three months, then begin to rise again as we move into the next buying seasons. However, it would not surprise us to see sales above this level as a prelude to a stronger condo season next year.



The *Market Watch* Monthly Housing Report

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Explanation and Description of Market Watch's Graphs and Calculations

Prices: Except for our attached price index, all city and regional median prices are for single family detached homes only. All prices are the median value for all transaction over the last three months (except for Indian Wells, which is six months due to the small number of monthly sales). For example, the median price for the month of May will be the median value of all sales in March, April and May of detached homes. This longer time period reduces the amount of wide and meaningless variation that one gets taking only the last month's transactions and provides more reliable information. While we do show the median selling price in our city reports, we try to emphasize the median price per sq. ft. in both these and our regional reports. For technical reasons this metric is more reliable than median price and presents us and the reader with fewer statistical anomalies and variations.

Sales: Sales numbers are the sum of both attached and detached home sales. We present two sales numbers – three month average of sales and twelve month averages. The three month average measures and shows the seasonal variations of the region. These three month averages should only be compared against the same three months of previous years. For example, one should never compare three month sales in spring to that of the fall. The twelve month average takes out all seasonality and is very useful when trying to assess the long term growth or contraction of sales in the region and at the city level.

Inventory and Months of Sales: When we provide a monthly report for say the month of May, all sales and pricing are done using transactions throughout that month and the previous two months. However, when we measure inventory at the end of May, it's the inventory as of June 1st the next month. It is the sum of inventory of both attached and detached homes. Remember sales and prices are accumulative while inventory is a momentary snapshot of inventory on a specific date. To avoid confusion, the inventory reported in the May report is for June 1st. and our graphs and charts for inventory and months of sales will give this date and not the date of the month of the report.

When calculating "months of sales" we almost always use average sales over the last twelve months and not three months. If we do use three months we will indicate that we are dividing inventory by three month sales and not the normal twelve month average.

Days on the Market and Sale Price Discount from List Price: These calculations are also the median value of the metrics reported from the MLS listing and are calculated over the last three months of transactions like price and sales. This is done to help reduce random variation and movements.

Call Out Numbers: The two numbers inserted in the charts are the most recent value(s) and the value(s) one year ago. Each number is connected to the point on the chart it refers to by a small thin line.

Scatter Diagram Value Curve: In the individual city reports we provide a Scatter Diagram Value Curve which plots the price per sq. ft. of every sale for the last three months versus the square feet of that home. In the graph each small blue circle represents a sale. Then a best fit linear line is calculated through those points using the least square method to arrive at the value curve. The value curve represents the price per sq. ft. that the market is generally giving different size homes. We provide the actual linear equation for people who might want to use it to calculate prices for different size homes.